

PERFORMANCE AUDIT
OF
PRISONER BENEFIT FUNDS, PRISONER STORE PROGRAMS,
AND PRISONER ACCOUNTS

DEPARTMENT OF CORRECTIONS

July 2002

EXECUTIVE DIGEST

PRISONER BENEFIT FUNDS, PRISONER STORE PROGRAMS, AND PRISONER ACCOUNTS

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| INTRODUCTION | This report, issued in July 2002, contains the results of our performance audit* of Prisoner Benefit Funds, Prisoner Store Programs, and Prisoner Accounts, Department of Corrections (DOC). |
| AUDIT PURPOSE | This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*. |
| BACKGROUND | DOC established prisoner benefit funds and prisoner store programs to sell merchandise and to provide supplies, services, and equipment for the direct benefit of the prisoners. DOC maintains prisoner accounts, which identify transactions involving purchases, deposits, and monetary balances for each prisoner. DOC acts in a fiduciary capacity on behalf of the prisoners in managing these programs. There are 43 prisons and 12 corrections camps. |

* See glossary at end of report for definition.

Prisoner Benefit Funds

Each facility operates a prisoner benefit fund to provide services, supplies, and equipment for the direct benefit of the prisoners. For the fiscal year ended September 30, 2000, prisoner benefit funds reported fund equity of \$1.9 million with revenues of \$3.3 million and expenditures of \$3.0 million.

Prisoner Store Programs

Each facility operates a prisoner store that stocks a limited number of items. The net profit from operations is transferred monthly to the prisoner benefit fund. For the fiscal year ended September 30, 2000, prisoner stores reported fund equity of \$2.8 million, with sales of \$27.9 million and a net profit of \$1.8 million.

Prisoner Accounts

Each facility maintains a detailed listing of prisoner account transactions that are provided monthly to all prisoners. The transactions include purchases of personal items, charges to the account, and any deposits to the account. As of February 28, 2001, there were approximately 46,000 prisoners at facilities with account balances totaling \$3.9 million.

AUDIT OBJECTIVES AND CONCLUSIONS

Audit Objective: To assess the effectiveness of DOC's administration of prisoner benefit funds, prisoner stores, and prisoner accounts.

Conclusion: We concluded that DOC's administration of prisoner benefit funds, prisoner stores, and prisoner accounts was generally effective. We noted reportable conditions* related to financial reports, DOC guidance, monitoring, prisoner store retail prices, and prisoner accounts (Findings 1 through 5).

* See glossary at end of report for definition.

Audit Objective: To assess DOC's methods for reporting prisoner benefit fund activities, prisoner store activities, and prisoner account balances to the prisoners.

Conclusion: We concluded that DOC's reporting methods for prisoner benefit fund activities, prisoner store activities, and prisoner account balances were generally effective. We noted a reportable condition related to distribution of information (Finding 6).

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the prisoner benefit funds, prisoner store programs, and prisoner accounts. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our audit procedures included examination of prisoner benefit fund, prisoner store program, and prisoner account records and activities for the period October 1998 through March 2001. Our audit methodology included a preliminary review of operations, including discussions with various staff regarding their functions and responsibilities and a review of program records, DOC policy directives and procedures, prisoner account transactions, and financial information regarding prisoner benefit funds and prisoner stores as reported by the facilities to DOC. We conducted tests of records for compliance with established policies and procedures and performed tests of reasonableness of charges to prisoner benefit funds, prisoner stores, and prisoner accounts.

We visited a test group of 7 prisons: Adrian, Carson City, Cotton, Marquette, Mound, Scott, and Standish. We reviewed minutes of the prisoner benefit fund and prisoner

store committee meetings and determined compliance with policy directives.

**AGENCY RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our audit report includes 6 findings and 7 corresponding recommendations. DOC's preliminary response indicated that it agrees and will comply with the recommendations.

DOC complied with 3 of the 6 prior audit recommendations. One recommendation was rewritten for inclusion in this report and 2 recommendations were repeated.



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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

July 16, 2002

Mr. William S. Overton, Director
Department of Corrections
Grandview Plaza
Lansing, Michigan

Dear Mr. Overton:

This is our report on the performance audit of Prisoner Benefit Funds, Prisoner Store Programs, and Prisoner Accounts, Department of Corrections.

This report contains our executive digest; description of programs; audit objectives, scope, and methodology and agency responses and prior audit follow-up; comments, findings, recommendations, and agency preliminary responses; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Thomas H. McTavish, C.P.A.
Auditor General

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Description of Programs

The Department of Corrections (DOC) established prisoner benefit funds and prisoner store programs to sell merchandise and to provide supplies, services, and equipment for the direct benefit of the prisoners. DOC maintains prisoner accounts, which identify transactions involving purchases, deposits, and monetary balances for each prisoner. DOC acts in a fiduciary capacity on behalf of the prisoners in managing these programs. There are 43 prisons and 12 corrections camps.

Prisoner Benefit Funds

Each facility operates a prisoner benefit fund to provide services, supplies, and equipment for the direct benefit of the prisoners. Examples of purchases from the prisoner benefit funds include cable television and satellite service fees, recreational supplies, and equipment. The prisoner benefit funds receive revenues from photography sales, vending machine commissions, and other miscellaneous sources in addition to prisoner store profits. For the fiscal year ended September 30, 2000, prisoner benefit funds reported fund equity of \$1.9 million with revenues of \$3.3 million and expenditures of \$3.0 million.

Prisoner Store Programs

Each facility operates a prisoner store that stocks a limited number of items. Prisoners can purchase items for their personal use with a direct charge to their prisoner account. Prices are set with a goal of obtaining a net profit from operations not to exceed 8%. The net profit from operations is transferred monthly to the prisoner benefit fund. For the fiscal year ended September 30, 2000, prisoner stores reported fund equity of \$2.8 million, with sales of \$27.9 million and a net profit of \$1.8 million.

Prisoner Accounts

Each facility maintains a detailed listing of prisoner account transactions that are provided monthly to all prisoners. The transactions include purchases of personal items, charges to the account, and any deposits to the account. As of February 28, 2001, there were approximately 46,000 prisoners at facilities with account balances totaling \$3.9 million.

Audit Objectives, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up

Audit Objectives

Our performance audit of Prisoner Benefit Funds, Prisoner Store Programs, and Prisoner Accounts, Department of Corrections (DOC), had the following objectives:

1. To assess the effectiveness of DOC's administration of prisoner benefit funds, prisoner stores, and prisoner accounts.
2. To assess DOC's methods for reporting prisoner benefit fund activities, prisoner store activities, and prisoner account balances to the prisoners.

Audit Scope

Our audit scope was to examine the program and other records of the prisoner benefit funds, prisoner store programs, and prisoner accounts. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Audit Methodology

Our audit procedures, conducted from February through July 2001, included examination of prisoner benefit fund, prisoner store program, and prisoner account records and activities for the period October 1998 through March 2001.

To establish our audit objectives, we conducted a preliminary review of prisoner benefit fund, prisoner store program, and prisoner account operations. This included discussions with various staff regarding their functions and responsibilities and a review of program records, DOC policy directives and procedures, prisoner account transactions, and financial information regarding prisoner benefit funds and prisoner stores, as reported by the facilities to DOC.

To accomplish our audit objectives, we conducted tests of records for compliance with established policies and procedures and performed tests of reasonableness of charges to prisoner benefit funds, prisoner stores, and prisoner accounts.

We visited a test group of 7 prisons: Adrian, Carson City, Cotton, Marquette, Mound, Scott, and Standish. We reviewed minutes of the prisoner benefit fund and prisoner store committee meetings and determined compliance with policy directives. We interviewed prison staff regarding operational practices; observed bulletin boards in prisoner residence units at prisons visited; and determined reporting methods for prisoner benefit fund, prisoner store, and prisoner account activity.

Agency Responses and Prior Audit Follow-Up

Our audit report includes 6 findings and 7 corresponding recommendations. DOC's preliminary response indicated that it agrees and will comply with the recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require DOC to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

DOC complied with 3 of the 6 prior audit recommendations. One recommendation was rewritten for inclusion in this report and 2 recommendations were repeated.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

ADMINISTRATION

COMMENT

Audit Objective: To assess the effectiveness of the Department of Corrections' (DOC's) administration of prisoner benefit funds, prisoner stores, and prisoner accounts.

Conclusion: We concluded that DOC's administration of prisoner benefit funds, prisoner stores, and prisoner accounts was generally effective. We noted reportable conditions related to financial reports, DOC guidance, monitoring, prisoner store retail prices, and prisoner accounts.

FINDING

1. Financial Reports

DOC did not obtain the required annual financial reports from some prisons. Also, some prisons did not prepare monthly financial reports and annual advisory budgets as required by DOC policies.

DOC policies require each prison to annually submit copies of the prisoner benefit fund and prisoner store fiscal year-end profit and loss statement and balance sheet to DOC by December 1. Also, DOC policies require that prisons prepare both a prisoner benefit fund profit and loss statement and a balance sheet on a monthly basis. Further, DOC policies require that each prison develop an annual advisory budget for the prisoner benefit fund. This budget is to be used as a guide for projected revenues and expenditures.

As of September 30, 2000, Michigan had 43 prisons operating prisoner benefit funds and prisoner stores. In February 2001, we reviewed DOC's file of submitted financial reports for fiscal years 1998-99 and 1999-2000. We found one or both of the prisoner benefit fund or prisoner store completed year-end statements missing from DOC's files for 8 (19%) prisons for fiscal year 1998-99 and 10 (23%) prisons for fiscal year 1999-2000. By the end of our fieldwork, all reports were submitted.

Also, we visited 7 prisons and found that 3 (43%) did not prepare an annual advisory budget for the prisoner benefit fund for fiscal year 1998-99 and that 2 (29%) did not prepare one for fiscal year 1999-2000. One prison (14%) did not prepare any monthly profit and loss statements or balance sheets for the prisoner benefit fund for fiscal years 1998-99 and 1999-2000.

In June 2001, DOC informed us that it would implement a check-in system to document the receipt of all prisoner benefit fund and prisoner store financial reports for fiscal year 2001-02.

Without complete and timely submission of financial reports by the prisons, DOC did not have a basis for monitoring the prisons' prisoner benefit fund and prisoner store financial operations.

We included this as a recommendation in our prior audit. DOC's response to the prior audit stated that it had complied with the recommendation that all reports be submitted and that a check-in system had been developed.

RECOMMENDATIONS

WE AGAIN RECOMMEND THAT DOC OBTAIN ALL REQUIRED ANNUAL FINANCIAL REPORTS FROM ALL PRISONS.

We also recommend that prisons prepare monthly financial reports and annual advisory budgets as required by DOC policies.

AGENCY PRELIMINARY RESPONSE

DOC agrees and will comply by reminding wardens and administrative officers to ensure that monthly financial reports and annual advisory budgets are completed and that annual financial reports are sent to the Bureau of Fiscal Management. In addition, the Bureau will maintain a checkoff list to ensure that all annual reports are received in a timely manner.

FINDING

2. DOC Guidance

DOC needs to improve its guidance to prisons on the preparation of prisoner benefit fund and prisoner store financial reports.

The reported fiscal year 1999-2000 prisoner benefit fund and prisoner store fund balance for all prisons was \$1.9 million and \$2.8 million, respectively. The reported fiscal year 1999-2000 prisoner benefit fund revenues were \$3.3 million with expenditures of \$3.0 million, and prisoner store sales were \$27.9 million with a net profit of \$1.8 million.

Our review of prisoner benefit fund and prisoner store financial reports at 7 prisons disclosed:

- a. Three prisons did not depreciate fixed assets totaling \$63,000 recorded on their prisoner store balance sheets. The prisons informed us that they had not received guidance from DOC and, therefore, had applied different methods of recording, capitalizing, and depreciating assets. The Department of Management and Budget Administrative Guide procedures and year-end closing memorandum state that all owned equipment having an acquisition cost of \$5,000 or more and a useful life of more than one year should be capitalized and recorded in a department's accounting records, with depreciation recognized over the asset's useful life. Also, our review of prisoner store balance sheets for all 43 prisons disclosed that only 7 prisons had capitalized and recorded in DOC's accounting records fixed assets totaling \$124,000. These included some prisons with fixed assets totaling less than \$5,000.
- b. One prison overstated the prisoner benefit fund profit and loss statement by recording the prisoner benefit fund's previous fiscal year net income of \$1,300 as revenue in the current fiscal year. Prisons should prepare accurate financial statements to reflect prisoner benefit fund activity.
- c. Two prisons improperly recorded prisoner store profits transferred to the prisoner benefit fund in the financial reports. DOC policies require monthly transfers of prisoner store profits to the prisoner benefit fund. One prison recorded fiscal year 1998-99 prisoner store net income of \$45,000 and recorded a transfer of \$156,000 of store profits to the prisoner benefit fund. The other prison recorded fiscal year 1999-2000 prisoner store net income of \$71,000 and a transfer of \$43,000 of store profits to the prisoner benefit fund. This prison recorded net income on the prisoner store balance sheet as \$71,000 but did not record a corresponding transfer of store profits to the prisoner benefit fund.

In February 2001, DOC informed us that it established a committee to update the standardized financial reporting format for the prisoner benefit funds and prisoner stores; however, DOC does not have an anticipated date of completion. In June 2001, DOC presented us with the preliminary draft of the standardized reporting format for the prisoner benefit fund profit and loss statement.

Providing guidance on the preparation of financial reports would help ensure that all prisons are consistent in their financial reporting. Consistent financial reporting helps DOC identify discrepancies, allows for comparisons among prisons, and makes certain that all activities are properly recorded in accordance with DOC standards.

RECOMMENDATION

We recommend that DOC improve its guidance to prisons on the preparation of prisoner benefit fund and prisoner store financial reports.

AGENCY PRELIMINARY RESPONSE

DOC agrees and has taken steps to comply. DOC is standardizing prisoner benefit fund and prisoner store financial reports and will conduct training for prisons regarding the financial reports.

FINDING

3. Monitoring

DOC needs to improve prison management and accounting for prisoner benefit fund and prisoner store operations.

The prisoner benefit fund was established to provide services, equipment, and supplies for the direct benefit of prisoners; to provide for prisoner input in the disbursement of these funds; and to require sound fiscal control by the institution. The prisoner store was established to permit each institution to operate a prisoner store from which prisoners are permitted to purchase approved items for personal use.

Our review of prisoner benefit fund and prisoner store operations at 7 prisons disclosed:

- a. Two prisons did not document that they verified the monthly store physical inventory counts during our review for fiscal years 1999-2000 and 2000-01. DOC policies require that business office personnel who were not involved in the monthly inventory counts verify inventories on a monthly basis.
- b. One prison did not maintain a perpetual inventory system, reconcile store receipts with store sales, or reconcile the financial statements with the Michigan Administrative Information Network (MAIN) as required by DOC policies. As a result, DOC did not have assurance that prisoner store transactions were properly accounted for.
- c. One prison expended approximately \$4,800 of prisoner benefit fund money for soap and bleach to launder prisoner personal clothing. Another prison expended approximately \$1,700 of prisoner benefit fund money for soap and bleach to launder prisoner personal and State-issued clothing. DOC policies state that the prisoner benefit fund may not authorize disbursement of money for an activity or program that is an integral part of the institution's operation. We conclude that prisoner laundering expenditures are an integral part of the institution's operation and should not be reimbursed with prisoner benefit fund money.
- d. Two prisons used prisoner benefit fund money to substantially support their prison library collections. DOC policies require that the prison libraries' collections be financed primarily by State appropriated funds, and the prisoner benefit fund may supplement this allocation. For fiscal year 1999-2000, DOC allocated and expensed library collection funds at the 2 prisons of \$4,300 and \$8,600, and the prisons expensed \$16,000 and \$8,400 of prisoner benefit fund money, respectively.

By properly managing and accounting for prisoner benefit fund and prisoner store funds, prisons can help ensure that prison prisoner benefit fund and prisoner store operations are maintained in accordance with DOC policies and procedures and that prisoners directly benefit through consistent and equitable treatment of expenditures.

RECOMMENDATION

We recommend that DOC improve prison management and accounting for prisoner benefit fund and prisoner store operations.

AGENCY PRELIMINARY RESPONSE

DOC agrees and will comply by reminding wardens and administrative officers to ensure compliance with DOC prisoner benefit fund and prisoner store policies regarding monthly inventory counts, perpetual inventory systems, reconciliations of receipts and sales, reconciliations with MAIN, and authorized expenditures.

FINDING

4. Prisoner Store Retail Prices

Prisons need to ensure that prisoner store retail prices are established in accordance with DOC policies.

DOC policies require that vendor price comparisons be obtained at least annually. Also, tobacco product prices shall be established quarterly commensurate with local community retail prices. Further, DOC policies require that annual prisoner store net profits not exceed 8%.

Our review of prisoner store annual bidding and retail prices for 7 prisons disclosed:

- a. Five (71%) prisons did not document that they obtained annual vendor price comparisons as required by DOC policies to ensure competitive prices for items not purchased through a State contract.
- b. Two (29%) prisons did not document that they established tobacco prices quarterly that were commensurate with local community retail prices as required by DOC policies.

Also, our review of 43 prison financial reports for fiscal years 1998-99 and 1999-2000 disclosed that annual store net profits for 2 (5%) prisons exceeded 8% for fiscal year 1998-99 and that annual store net profits for 2 (5%) prisons exceeded 8% for fiscal year 1999-2000. We also noted that 2 (5%) prisons had

negative store annual net profits. We did not note any DOC action in these situations.

Because DOC did not ensure that store prices complied with policies related to prisoner store retail prices, some prisoners paid increased prices for items, which caused higher rates of net income than DOC intended.

RECOMMENDATION

We recommend that prisons ensure that prisoner store retail prices are established in accordance with DOC policies.

AGENCY PRELIMINARY RESPONSE

DOC agrees and will comply by reminding wardens and administrative officers to ensure compliance with DOC policies regarding price comparisons. However, it should be noted that DOC policy states that prisoner store merchandise shall be purchased from vendors submitting the lowest price bid, except when necessary to limit the number of vendors and deliveries. While prices will be used as a guideline, it is not the sole criterion in the selection of a vendor.

FINDING

5. Prisoner Accounts

DOC needs to improve its monitoring of inactive and duplicate prisoner accounts to ensure greater accountability and collection of prisoner debt.

As of February 2001, there were approximately 46,000 prisoners housed in 43 prisons and 12 prison camps; however, DOC accounting records included approximately 69,000 prisoners listed with approximately 108,000 active and inactive accounts.

Our review of Department prisoner account reports disclosed:

- a. DOC does not maintain a consolidated prisoner account for every prisoner. As a result, prisoners can have as many prisoner accounts as prisons they

have been confined in. We noted the following summary of prisoner accounts as of February 2001:

| Number of Accounts | Prisoners | Total Accounts |
|-----------------------|-----------|-------------------|
| 1 | 43,364 | 43,364 |
| 2 | 17,535 | 35,070 |
| 3 to 4 | 7,480 | 24,102 |
| 5 to 6 | 718 | 3,781 |
| 7 to 9 | 176 | 1,335 |
| 10 to 18 | 21 | 256 |
| Total | 69,294 | 107,908 |

- b. DOC did not dispose of deceased prisoners' accounts as required by DOC policies. We noted approximately 400 accounts of deceased prisoners. DOC policies require that deceased prisoner funds be delivered to a spouse, child, or parent of the prisoner and that all prisoner funds unclaimed after two years be forwarded to the Department of Treasury. We noted that approximately 175 prisoner accounts were over 2 years old, with some over 14 years old. One account contained a balance of approximately \$1,500. The total balance for these deceased prisoners was approximately \$16,900.
- c. DOC did not dispose of prisoner accounts that were inactive or contained negative balances. We noted that approximately 17,000 prisoner accounts were inactive and approximately 6,000 prisoner accounts contained negative balances. DOC policies state that accounts with negative balances may be written off upon the death or discharge from parole of a prisoner or two years after a prisoner escapes from prison or is released from prison after serving the maximum sentence for a crime. Negative balances of \$100 or more shall be referred to the Department of Treasury for collection. Disposing of inactive accounts as appropriate helps to maintain the number of accounts at manageable levels. We noted that approximately 4,500 prisoner accounts were inactive for over two years.
- d. DOC did not dispose of prisoner accounts for institutional debt as required by DOC policies. We noted approximately 22,700 prisoner accounts representing approximately \$1.2 million of institutional debt. Institutional debt consists of amounts owed by prisoners for destroyed State property, amounts owed to

other facilities, and amounts owed for hospital costs. DOC policies state that these accounts may be written off after two years. We noted that approximately 2,600 prisoner accounts representing approximately \$160,000 of institutional debt were listed for prisoners discharged more than two years.

- e. DOC did not dispose of prisoner parole loans as required by DOC policies. We noted approximately 3,200 parole loans totaling \$500,000. We also noted that some parole loans were made in 1984 and that there were approximately 1,800 parole loans of approximately \$320,000 involving prisoners who had been discharged from parole.

We were informed that DOC has initiated a trust accounting and payroll system that is designed to track activities as they relate to various accounts held in trust by DOC. Some of the activities that can be performed and monitored on the system include account transfers, account balances, account holds, and closing trust accounts.

RECOMMENDATION

We recommend that DOC improve its monitoring of inactive and duplicate prisoner accounts to ensure greater accountability and collection of prisoner debt.

AGENCY PRELIMINARY RESPONSE

DOC agrees and has taken steps to improve prisoner account monitoring. In February 2002, DOC implemented the Trust Accounting Payroll System (TAPS), which was started in 1997 to provide for a consolidated prisoner accounting system. Prisoner debt is tracked and remains on TAPS, regardless of where the inmate is or how many times the inmate may transfer within the correctional system. TAPS also helps in identifying duplicate and inactive accounts. DOC will also remind wardens and administrative officers to ensure that inactive accounts are written off and that debts over \$100 are sent to the Department of Treasury for collection.

REPORTING METHODS

COMMENT

Audit Objective: To assess DOC's methods for reporting prisoner benefit fund activities, prisoner store activities, and prisoner account balances to the prisoners.

Conclusion: We concluded that DOC's reporting methods for prisoner benefit fund activities, prisoner store activities, and prisoner account balances were generally effective. We noted a reportable condition related to distribution of information.

FINDING

6. Distribution of Information

Prisons need to ensure that the prisoner population receives timely information regarding prisoner benefit fund and prisoner store activities as required by DOC policies.

Prisoner representatives participate in decisions regarding prisoner benefit fund and prisoner store operations. DOC policies state that each institution shall have a prisoner store committee consisting of at least one staff member designated by the warden and one prisoner selected by prisoner-elected representatives from each general population. DOC policies require the prisoner store committee to meet at least monthly. DOC policies also state that each institution shall have a prisoner benefit fund committee consisting of two staff members and two prisoner representatives. Prison procedures require the prisoner benefit fund committee to meet at least monthly.

Our review of procedures at 7 prisons to provide the prisoner population with information pertaining to the prisoner benefit fund and prisoner store disclosed:

- a. Prisons did not always make prisoner store committee meeting minutes available to the prisoner population. DOC policies require each prison to have a prisoner store committee that meets at least monthly and the prison must post the committee minutes in a location accessible to prisoners or publish the minutes in the institution newspaper. At 5 prisons, monthly prisoner store committee meetings were not always held during our audit period. The number of meetings held ranged from 7 to 24 during our review period of 30

months. At the time of our visit, 4 prisons did not have prisoner store committee meeting minutes posted on some housing unit bulletin boards and complete and updated minutes were not accessible at the prison libraries.

- b. Prisons did not always make prisoner benefit fund committee meeting minutes available to the prisoner population. DOC policies require each prison to have a prisoner benefit fund committee and report information in summary form to the prisoner population. Prison procedures require that the prisoner benefit fund committee meet at least monthly. At 3 prisons, monthly prisoner benefit fund committee meetings were not always held during our audit period. The number of meetings held ranged from 11 to 22 during our review period of 30 months. At the time of our visit, 4 prisons did not have prisoner benefit fund committee meeting minutes posted on some housing unit bulletin boards and complete and updated minutes were not accessible at the prison libraries.
- c. Five prisons did not always make prisoner store financial statements available to the prisoner population. DOC policies require monthly prisoner store financial statements and allow for publishing them in institutional newspapers. Four prisons did not always make prisoner benefit fund financial statements available. DOC policies require all expenditures from the prisoner benefit fund to be reported to the prisoner population. At the time of our visits, these prisons did not post prisoner store or prisoner benefit fund financial statements on some housing unit bulletin boards and they were not accessible at the prison libraries. Some prisons did provide statements to committee prisoner representatives.
- d. One prison did not post the prisoner store price list in the housing units and the current price list was not available. DOC policies require that a current price list of prisoner store merchandise be posted in an unalterable and secure form in housing units or other locations accessible to prisoners.
- e. One prison did not have expenditures approved by a majority vote of the prisoner benefit fund members. DOC policies require the approval of all prisoner benefit fund expenditures by a majority vote of the committee members and the reporting of expenditure approvals in summary form to the prisoner population.

Prisons could improve the dissemination of information to prisoners and, therefore, reduce inquiries regarding prisoner benefit fund and prisoner store activities by ensuring that all prisoners have access to committee meeting minutes, financial statements, and current store price lists. Posting this information in glass-enclosed, locked bulletin boards or making it available at the prison libraries can effectively serve this purpose.

We included this as a recommendation in our prior audit. DOC's response to the prior audit stated that it agreed with the recommendation and would ensure compliance.

RECOMMENDATION

WE AGAIN RECOMMEND THAT PRISONS ENSURE THAT THE PRISONER POPULATION RECEIVES TIMELY INFORMATION REGARDING PRISONER BENEFIT FUND AND PRISONER STORE ACTIVITIES AS REQUIRED BY DOC POLICIES.

AGENCY PRELIMINARY RESPONSE

DOC agrees and will comply by reminding wardens and administrative officers to ensure compliance with DOC policies regarding monthly prisoner store and prisoner benefit fund committee meetings and posting of the minutes, publishing or posting prisoner benefit fund and prisoner store financial statements and price lists, and approving prisoner benefit fund expenditures.

Glossary of Acronyms and Terms

| | |
|----------------------|--|
| DOC | Department of Corrections. |
| effectiveness | Program success in achieving mission and goals. |
| efficiency | Achieving the most outputs and outcomes practical for the amount of resources applied or minimizing the amount of resources required to attain a certain level of outputs or outcomes. |
| MAIN | Michigan Administrative Information Network. |
| performance audit | An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action. |
| reportable condition | A matter coming to the auditor's attention that, in the auditor's judgment, should be communicated because it represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner. |
| TAPS | Trust Accounting Payroll System. |